



# COMMISSION NEWS

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ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

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TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

DATE: 04/21/00  
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## **INVESTMENT FRAUD RINGLEADERS CHARGED IN NEW SECURITIES CASE BEFORE CORPORATION COMMISSION**

**Phoenix--The Corporation Commission's Securities Division has alleged that five individuals and four entities committed registration and fraud violations in investment programs that operated in Arizona in 1997 and 1998.**

**In its Notice of Opportunity for Hearing filed with the Commission, the Securities Division charged that four Phoenix-area men, Joseph Michael Guess, Sr., James Douglas Sherriffs, Richard Gordon Davis and Ira Joe Patterson, operating as RGD and through RGD Enterprises, Inc., an Arizona corporation owned by Davis, sold unregistered investments in a fictitious European bank debenture trading program promoted by an Alabama resident, Randall Wayne Smith, Jr., and his British Virgins Islands company, Bally Overseas Trading Inc. None of the respondents named in the Notice were registered with the Commission under the Securities Act of Arizona or licensed in Arizona as investment advisers.**

**According to the Notice, RGD investors were falsely told to expect high monthly profits with their principal investment safeguarded by European bank guarantees. At least \$565,000 was raised from investors who are still missing over \$236,000. The Notice states that Sherriffs left RGD late in 1997 with \$150,000 of investor funds that he fraudulently claimed he was investing in another such program promoted from Utah. Guess continued to fraudulently raise another \$150,000 from other investors under the name Progressive Financial**

Management, of which about \$138,000 is still missing. Guess, Sherriffs, Patterson and Smith are alleged to have misused investor funds for personal uses and make payments to investors that were falsely represented as profits. Sherriffs is also charged with fraudulently providing unlicensed investment advisory services.

The Securities Division is seeking a permanent cease and desist order by the Commission, along with payment of restitution to investors and monetary penalties. The individuals and entities named in the Notice can request a hearing to contest the allegations.

The Securities Division urges that before making any investment in securities, members of the public should check out whether the security and its salesman are registered with the Commission. "Avoid so-called high-yield investments in Western European bank debenture trading programs," advised Division Director Mark Sendrow. "Beware of any investments that claim to pay unusually high returns with little or no risk." The Division can be reached at (602) 542-4242, by fax at (602) 594-7470, by Email at [accsec@ccsd.cc.state.az.us](mailto:accsec@ccsd.cc.state.az.us) or at its web site at [www.ccsd.cc.state.az.us](http://www.ccsd.cc.state.az.us).

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ATTENTION: ALL PRESS FAX RECIPIENTS!

Starting May 1, 2000, all Arizona Securities Division press releases will no longer be distributed via broadcast fax. All future press releases will be delivered via Electronic Mail to promote faster distribution and ease of publication. To make this transition easier for you, we have set up a press release sign-up page on our website. Please take a second to sign up at [http://www.ccsd.cc.state.az.us/news\\_release/add.asp](http://www.ccsd.cc.state.az.us/news_release/add.asp) to ensure your continued press release delivery.

If you do not have an E-Mail address and need to continue to receive press releases, please contact Betty Camargo at (602) 542-0644. We appreciate your support during this time of change.

## BACKGROUND INFORMATION

**Arizona Corporation Commission Docket file No. S-03280A and the Notice of Opportunity for Hearing filed in this matter.**

**Past news releases from the Corporation Commission about other cases involving fraudulent programs purporting to trade in European “prime bank” debt securities, including:**

- “Phoenix Man Sentenced to Ten Years for Investment Fraud,” February 18, 2000;**
- “Chandler Man Ordered to Stop Engaging in Securities Fraud Involving a Prime Bank Scheme,” January 11, 2000;**
- “Corporation Commission Orders Over \$1.6 in Restitution Related to Fraudulent Bank Note Trading Scheme,” December 14, 1998;**
- “Prime Bank Scams Reappearing,” May 1, 1998.**

**These news releases can be found on the menu at the Securities Division Homepage, [www.ccsd.cc.state.az.us](http://www.ccsd.cc.state.az.us).**

**The U.S. Securities and Exchange Commission has issued an investor advisory against “So-Called ‘Prime’ Bank and Similar Financial Instruments” that is found at its website at [www.sec.gov](http://www.sec.gov) under Investor Alerts at the Enforcement Division button. The SEC has also filed many federal lawsuits against these programs, including one last year against an Arizona-based “prime bank” investment scheme that raised tens of millions of dollars. Details about this scheme can be found at the website operated by the court-appointed receiver at [www.dennelfinancial.com](http://www.dennelfinancial.com).**